

FISCAL IMPACT STATEMENT ON BILL NO. **H. 3072**

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TO:	The Honorable Daniel T. "Dan" Cooper, Chairperson, House Ways and Means Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	R.J. Stein, Beth Campbell		
DATE:	March 29, 2007	SBD:	2007197

AUTHOR:	Representative Rice	PRIMARY CODE CITE:	44-67-140
SUBJECT:	Cigarette Deposit Account		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

A Cost of Federal and/or Other Funds (See Below)

BILL SUMMARY:

House Bill 3072 imposes a sixty cent "deposit" on each pack of cigarettes sold. The revenue is to be deposited in a separate "Cigarette Deposit Account". Palmetto Pride is to establish and operate refund sites and issue a receipt to anyone who submits a sales receipt for a pack of cigarettes, an empty cigarette pack and twenty cigarette butts. The State Treasurer's Office shall issue a check to the person in the amount of the refund receipt from monies in the Cigarette Deposit Fund. Revenue from the account is to be used by Palmetto Pride to operate the refund sites. Unexpended funds from the Cigarette Deposit Account are to be transferred into the "Health Care Trust Fund".

EXPLANATION OF IMPACT:Department of Parks, Recreation & Tourism

Palmetto Pride is a Special Item appropriation within the Department's budget. If revenues and the annual appropriation from unclaimed deposit fees are sufficient to establish, administer and operate the refund sites there should be no cost to the State General Fund. Palmetto Pride estimates total salary, fringe benefits and operating cost for four refund sites at a minimum of \$1,250,000 annually excluding advertising.

State Treasurer's Office

The Board of Economic Advisors (BEA) estimates 317.3 million packs of cigarettes will be sold annually. The State Treasurer's Office indicates that for each 1% of deposit receipts issued, it would need 15.00 FTEs at an annual cost of \$775,000 for salary, fringes and other operating expenses. There would also be a non-recurring cost of \$40,000 for startup expenses. While the Bill establishes a funding source for the operating expenses of the Palmetto Pride-operated refund sites, it does not specify the funding source for the expenses of the State Treasurer's Office. Therefore, there would be an impact on State General Fund expenditures.

SPECIAL NOTES:

The Board of Economic Advisors is the appropriate entity to address any revenue impact associated with this Bill.

Approved by:



Harry Bell

Assistant Director, Office of State Budget